

Before the
Postal Regulatory Commission
Washington, DC 20268-0001

Competitive Products Prices
Global Direct Contracts 1 (MC2010-17)
Negotiated Service Agreements

Docket No. CP2012-9

PUBLIC REPRESENTATIVE'S COMMENTS

(January 10, 2012)

The Public Representative submits the following comments in response to Commission Order No. 1096,¹ and the Postal Service's December 29, 2011 Notice of Filing a Functionally Equivalent Global Direct Contracts 1 Negotiated Service Agreement.² After reviewing the Postal Service's request and related materials, it appears that the proposed Negotiated Service Agreement (NSA) will meet the requirements of 39 U.S.C. 3633(a) and therefore should be in the interest of the general public.

Discussion

Global Direct Contracts provide customers with price based incentives to commit to large amounts of mail volume or postage revenue for Global Direct, a competitive service for delivery of Letter Post items bearing foreign postage and indicia.³

¹ See PRC Order 1096, Notice and Order Concerning Filing of Additional Global Direct Contracts 1 Negotiated Service Agreement, January 3, 2012.

² Notice of the United States Postal Service Filing of Functionally Equivalent Global Direct Contracts 1 Negotiated Service Agreement, December 29, 2011 (Notice).

³ Notice at 4.

The Postal Service explains that the instant Global Directs contract fits within the Mail Classification Schedule language included as Attachment A-2 to Governors Decision No. 08-10, with the modification proposed by the Commission to reflect the actual payment practice under these agreements. The Postal Service states that this contract replaces one of the original baseline Global Direct Contracts – the contract in Docket No. CP2011-52 – which is scheduled to expire on January 15, 2012.⁴

The Postal Service explains that the primary difference between the instant contract and the contract filed in CP2011-52 is that “the [instant] agreement concerns Global Direct service used in connection with Admail to Canada, instead of Lettermail to Canada, or Incentive Lettermail to Canada.” Notice at 3. This is also the most substantial difference that the Public Representative has discovered. However, this difference does not appear to be significant. The costs associated with Global Direct mail are primarily for transporting mail and paying settlement charges, not for sorting or delivering mail. Since Admail can potentially be larger than Lettermail, the costs in the Postal Service’s workpapers reflect higher weight based costs for Admail than Lettermail. After reviewing the similarities and differences of the instant Global Direct Contracts 1, the Public Representative finds that the instant contract is a functionally equivalent Global Direct Contracts 1.

The Public Representative has reviewed the contract and supporting financial documentation which were filed under seal. The worksheets indicate that the contract will have a sufficient cost coverage. It appears that this agreement will comply with the requirements of 39 U.S.C. § 3633 and 39 CFR 3015.5.

⁴ *Id.* at 2.

Conclusion

It appears that Global Direct Contracts 1 satisfies the statutory requirements for a competitive product and is consistent with the interests of the general public. The agreement should be approved by the Commission. The Public Representative respectfully submits the preceding comments for the Commission's consideration.

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